

**WALTER BROWN LAW FIRM, PLLC**  
331 Market Street  
P.O. Box 963  
Natchez, Mississippi 39121

231009

Phone: (601) 442-4242  
Fax: (601) 442-3996

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E-Mail: [wlawfirm@bellsouth.net](mailto:wlawfirm@bellsouth.net)

Via Electronic Filing  
Ms. Cynthia T. Brown, Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street S.W.  
Washington D.C. 20423-0001

RE: STB Docket No. AB-10871  
Grenada Railway LLC  
Petition for Abandonment Exemption  
**Protest - Request for Oral Hearing**  
**(Mississippi Transportation Commission)**

Dear Ms. Brown:

This office serves as Special Counsel to the Mississippi Transportation Commission ("MTC"), the statutory governmental entity having jurisdiction over all transportation in the State of Mississippi including rail service. On September 27, 2011, the three member Commission authorized, empowered and directed the undersigned attorney to serve a formal request for an Oral Public Hearing by the Surface Transportation Board of the Petition for Abandonment Exemption filed by Grenada Railway LLC through its counsel, Fritz R. Kahn, on or about September 20, 2011. Accordingly, pursuant to 49 CFR 1152.25(d)(6), MTC respectfully requests that the Board hold an oral hearing in Grenada, MS in order to allow the public and parties of interest an opportunity to comment on the merits of the Exemption request.

The reasons for this request are as follows, to-wit:

(a) The MTC has responsibility to provide quality transportation infrastructure throughout all localities in the State of Mississippi. This responsibility includes the development and encouragement of rail transportation and the preservation of rail service to economic distressed communities and areas. The area in North Central Mississippi which is served by the line the applicant seeks to abandon through the Exemption Process, is an area desperately in need of the opportunity for development from an economic standpoint. The rail line in question is an integral part of that effort. Taking the line away would seriously cut back on years of planning to create new opportunities impacting the businesses and industries in that area. When Grenada Railway, LLC acquired the line from Illinois Central, it made huge promises of economic development opportunities all along the line and thus gained the support of all counties on the line including the

six counties and their shippers along the 81.3 miles in the southern section which the applicant now seeks to abandon. Unfortunately those promises have not been kept and now the applicant seeks to abandon the line, only two years after acquiring it. As will be shown in the oral hearing, the abandonment of the line will severely damage and harm the efforts of the six counties to improve economic development and will result in a complete loss of rail service to the shippers along the line.

(b) In 1997 the MTC acquired a 21.7 mile rail line now known as the Koscuisko and Southwestern Railway Line. The proposed abandonment will result in the complete isolation of this line. The MTC currently leases its line to Mississippi Rail Group, Inc. The only connection between the MTC and interstate rail system is the Grenada Railway north-south line. The state-owned line is located in Holmes and Attala Counties, Mississippi between Aberdeen Junction (Mile Post H020) and Koscuisko (Mile Post H-2190). Obviously if the Grenada Railway, LLC abandons this southern portion of its line, the state-owned line will be "orphaned" and effectively reduced to no value from a transportation and economic development viewpoint.

(c) Because of the extremely short time (two years) that the applicant has owned and operated this southern portion of the line as well as the entire line and the failure by the applicant to abide by its promises to maintain and encourage rail service, there has not been sufficient time for the local governments, economic development districts, shippers and industries along the line, north and south, to fully develop an economic development plan. With more time and better cooperation from the railroad, MTC strongly believes this line can help serve as an economic engine for future development and growth. Given the extreme impact this abandonment will have on the communities, MTC believes that the use of the "exemption process" is inappropriate. An oral hearing will provide the affected parties along the line an opportunity to voice their opinions and present their claims and documents and will establish that the grant of an abandonment of the line under an "exemption" will result in public harm, and in any event the exemption process is inappropriate and unwarranted.

(d) As a very important historical note, it should be shown that the applicant Grenada Railway, LLC as well as two other lines in Mississippi were acquired by V & S Railway, LLC, an affiliate of Grenada, in 2009. In that period of time, their ultimate parent company, A & K Materials, Inc. which is owned and controlled by Kern W. Schumacher, the same individual who owns and controls Grenada Railway, LLC has abandoned and taken up the rail of the Gloster Southern 32.7 mile line in Southwestern Mississippi (STB Docket No. AB-1051X) through an "exemption" process. He is now seeking the abandonment by an "exemption" process of the southern half of the subject Grenada Railway Line and presumably in the future will seek the same expeditious process with respect

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the north half of the Grenada Railway line. We believe an oral hearing will provide further evidence and discussion of his business plans and whether Mr. Schumacher truly did intend to operate railroads or is just in the business of buying lines for salvage which clearly appears to be his objective.

#### CONCLUSION

**For the foregoing reasons, a full and thorough Public Oral Hearing should be ordered to bring out all the facts with regard to this yet another request for an "exemption process." Such an oral hearing will show that an abandonment exemption is not warranted.**

By service of this letter, please add MTC as a Party of Record with me as their representative counsel. Please let us know if you have any questions. We look forward to your response. With kindest regards, I am

Very truly yours,

MISSISSIPPI TRANSPORTATION COMMISSION



Walter Brown, Special Counsel

WB/vsd  
cc: All Interested Parties